



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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J. TYLER McCaULEY
AUDITOR-CONTROLLER

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November 9, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **ANTELOPE VALLEY WORKFORCE DEVELOPEMENT CONSORTIUM
CONTRACT – A COMMUNITY AND SENIOR SERVICES WORKFORCE
INVESTMENT ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of Antelope Valley Workforce Development Consortium (Antelope or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) program provider.

Background

CSS contracts with Antelope, a private non-profit community-based organization to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The Agency contracted with Jewish Vocational Services (JVS) in July 2006 to administer the Agency's fiscal operations. Antelope provided program services in the Fifth District.

Antelope is compensated on a cost reimbursement basis. Antelope's contract was for \$709,186 for Fiscal Year 2006-07.

Purpose/Methodology

The purpose of the review was to determine whether Antelope complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to

"To Enrich Lives Through Effective and Caring Service"

participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

Overall, Antelope provided the services in accordance with their County contract and the program participants interviewed stated that the services they received met their expectations. In addition, Antelope maintained adequate controls over its business operations and expenditures were allowable and supported by documentation as required. However, Antelope did not report the participants' program activities on the Job Training Automation system for six (30%) of the 20 program participants sampled. In addition, Antelope did not complete the Individual Employment Plans for two (10%) of the 20 program participants sampled in accordance with WIA guidelines. In addition, Antelope did not always obtain three price quotations for purchases over \$1,000 or require staff to obtain two authorized signatures on all checks. Further, Antelope needs to repay CSS \$553 for a duplicate expenditure billed to CSS.

Details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with Antelope and CSS on September 18, 2007. In their attached response, Antelope concurred with our findings and recommendations. We will follow-up our recommendations during next year's monitoring review.

We thank Antelope for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Shirley Kemp, Director, Antelope Valley Workforce Development Consortium
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM
FISCAL YEAR 2006-07**

ELIGIBILITY

Objective

Determine whether Antelope Valley Workforce Development (Antelope or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed documentation in the case files for 20 (6%) program participants (ten Adults and ten Dislocated Workers) from a total of 334 participants that were reported as receiving services between July 2006 through November 2006 to confirm their eligibility for WIA program services.

Results

All 20 participants met the eligibility requirements for the WIA programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (6%) program participants that received services during July 2006 through November 2006. We also interviewed seven program participants to confirm the services Antelope billed to CSS were provided.

Results

The seven program participants interviewed stated that the services they received met their expectations. However, Antelope did not complete Individual Employment Plans (IEP) for two (10%) of the 20 program participants. The IEP is an on-going plan jointly developed by the participant and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals.

Antelope also did not report the participants' program activities for six (30%) of the 20 program participants sampled on the Job Training Automation (JTA) system. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities. This issue was also noted in the prior year's monitoring report.

Subsequent to our review, Antelope updated one of the two IEPs and reported four of the six participants' program activities into the JTA system.

Recommendations**Antelope management:**

1. **Ensure that staff complete the Individual Employment Plans for each participant.**
2. **Ensure that staff report the participants' program activities on the Job Training Automation system.**

CASH/REVENUE**Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed Antelope's bank reconciliation for February 2007.

Results

Antelope maintained adequate controls to ensure that revenue is properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations in this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether the program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for all 42 non-personnel expenditure transactions billed by the Agency for January and February 2007, totaling \$222,933.

Results

Antelope's expenditures were allowable, accurately billed to CSS and supported by documentation as required.

Recommendation

There are no recommendations in this section.

INTERNAL CONTROLS**Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Antelope subcontracted the fiscal duties to Jewish Vocational Services (JVS). Generally, JVS maintained adequate controls over its business operations. Prior to contracting with JVS in July 2006, Antelope did not always obtain three price quotations for purchases over \$1,000 as required by WIA guidelines. For example, Antelope

purchased equipment, totaling \$1,300, without documenting three price quotations as required. In addition, Antelope's prior accounting policy did not require staff to obtain two authorized signatures on all checks as required by the County contract.

Subsequent to our review, JVS revised Antelope's accounting policies to require two authorized signatures on all checks.

Recommendations

Antelope management:

3. Ensure that three price quotations are obtained and documented for purchases over \$1,000.
4. Distribute the revised accounting policy to staff and ensure that two authorized signatures are obtained on all checks.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Agency's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are adequately safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 15 items funded by WIA funds, totaling \$8,931.

Results

Antelope used the fixed assets and equipment purchased with WIA funding for the WIA program. In addition, the items were appropriately safeguarded.

Recommendation

There are no recommendations in this section.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the January 2007 payroll expenditures for three employees, totaling \$2,562 to the payroll records and time reports. We also interviewed one staff and reviewed the personnel files for three staff assigned to the WIA program.

Results

Antelope appropriately charged payroll expenditures to the WIA program. However, Antelope did not maintain a valid proof of automobile insurance in the employee's personnel file for one (33%) of the three employees sampled. Specifically, the employee's automobile insurance expired in May 2006. Subsequent to our review, Antelope provided proof of automobile insurance for the one employee.

Recommendation

5. Antelope management ensure that required documentation is maintained in the personnel files.

COST ALLOCATION PLAN**Objective**

Determine whether Antelope's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in January and February 2007 to ensure that the expenditures were appropriately allocated to the Agency's programs.

Results

Antelope's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations in this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's Fiscal Year (FY) 2005-06 expenditures were supported by financial accounting records.

Verification

We traced the Agency's FY 2005-06 general ledger to the Agency's final close-out invoice for FY 2005-06. We also reviewed a sample of expenditures incurred in June 2006.

Results

Antelope billed CSS for a duplicate expenditure in June 2006, totaling \$553.

Recommendations

Antelope management:

6. Repay CSS \$553.

7. Ensure that duplicate expenditures are not billed to CSS for reimbursement.

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2005-06 monitoring review were implemented. The report was issued on June 15, 2006.

Results

The prior year's monitoring report contained six recommendations. Antelope implemented five recommendations. As previously indicated in this report, the remaining recommendation related to Recommendation 2. Antelope management stated that the Agency implemented the outstanding recommendation by ensuring that staff report the participants' program activities on the Job Training Automation system.

Recommendation

8. Antelope management implement the outstanding recommendation from FY 2005-06 monitoring report.



October 10, 2007

Antelope Valley
Workforce Development
Consortium

Members:

Frank C. Roberts
Chairman

Michael Dolphin
Employment Development Dept.
Los Angeles Job Service Division

Jackie L. Fisher Sr.
Antelope Valley College

David Vierra
Antelope Valley Union High
School District

Mel Layne
Greater Antelope Valley
Economic Alliance

Billie Jenkins
County of Los Angeles
Dept. of Public Social Services

J. Tyler McCauley, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
Attention: Yoon Bae
1000 S. Fremont Avenue, Unit #51
Alhambra, CA 91803

Dear Mr. McCauley:

This letter is in response to your WIA Adult and Dislocated
Programs PY 2006-07 On-Site findings.

Enclosed is the corrective action plan for the findings noted in your
audit report.

If you have any questions, please contact me at (661) 945-5037.

Sincerely,

Shirley Kemp
SHIRLEY KEMP, Executive Director
Antelope Valley Workforce Development Consortium

Enclosures

cc: Christina Eddy

1420 West Avenue I
Lancaster, CA 93534
(661) 726-4128

**WORKFORCE INVESTMENT ACT PROGRAM
ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM
FISCAL YEAR 2006-07**

ELIGIBILITY

No findings/recommendations

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Recommendations

Ensure that staff complete the IEP for each participant.
Ensure that staff report the participant's program activities on the JTA system.

Resolution

As of October 4, 2007 all of the IEPs monitored during the review were completed as required and all JTA entries updated. The Agency will review case files on a quarterly basis to ensure that all IEPs are completed as required, and all program activities are reported in the JTA system within 30 days of the activity by the end of the each month.

CASH/REVENUE

No findings/recommendations

EXPENDITURES/PROCUREMENT

No findings/recommendations

INTERNAL CONTROLS

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Recommendations

Ensure that three price quotations are obtained and documented for purchases over \$1,000.

Distribute the revised accounting policy to staff and ensure that two authorized signatures are obtained on all checks.

Resolution

When the purchases were made in June 2006, prices were researched and reviewed from other companies but they were not documented. One staff member has been assigned the responsibility of purchasing items for the Center, and advised of the three price quotations requirement for purchases over \$1,000. Management will review all purchases for compliance.

Our fiscal agent has revised the accounting policy to obtain two authorized signatures on all checks and has advised all responsible parties.

FIXED ASSETS AND EQUIPMENT

No findings/recommendations

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Recommendation

Antelope management ensure that required documentation maintained in the personnel files are kept current.

Resolution

Subsequent to this review the required information was provided to the Auditor Controller. This was a clerical error; the employee's records were misfiled. The Agency will ensure that personnel files are kept current by November 9, 2007.

COST ALLOCATION PLAN

No findings/recommendations

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's Fiscal Year (FY) 2005-06 expenditures were supported by *financial accounting records*.

Recommendations

Repay DCSS \$553.

Ensure that duplicate payments are not billed to DCSS for reimbursement.

Resolution

There were two payments issued to Verizon in June 2006 and as a result a credit was applied to the July 2006 services. A \$553 request for reimbursement will be submitted to our fiscal agent by October 15, 2007. The Agency will ensure that duplicate payments are not billed to DCSS for reimbursement by October 26, 2007.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Recommendation

Antelope management implement the outstanding recommendation from FY 2005-06 *monitoring report*.

Resolution

The outstanding recommendation, to ensure that staff accurately update the JTA system to reflect the participant's program activities, was implemented on October 4, 2007. Reviews will be conducted on a monthly basis.